

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0591-01
Bill No.: HB 78
Subject: Education, Higher; Business and Commerce; Economic Development Department
Type: Original
Date: February 12, 2013

Bill Summary: This proposal establishes the Missouri Jobs for Education Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(May exceed \$100,000)	(May exceed \$100,000)	(May exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	(May exceed \$100,000)	(May exceed \$100,000)	(May exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Missouri Jobs for Education*	\$0	\$0	\$0
Universities	May exceed \$100,000	May exceed \$100,000	May exceed \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	May exceed \$100,000	May exceed \$100,000	May exceed \$100,000

***Offsetting Transfers In and Disbursements**

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	May exceed \$100,000	May exceed \$100,000	May exceed \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** state this proposed legislation should not result in additional costs or savings to BAP.

BAP states this proposal creates the Missouri Jobs for Education Program, which allows qualifying businesses to receive a credit for tuition at a Missouri public institution of higher education based on job creation requirements. Funding for the credit will be derived from Missouri employee withholding taxes paid by a business that are diverted to the Missouri Jobs for Education Fund. This will reduce general revenue by an unknown amount.

According to officials from the **Department of Revenue - Division of Taxation**, this section creates a mechanism for employers to create new jobs and for the taxes withheld by the new jobs, to be diverted to "credit toward tuition." DOR is not clear of its involvement in this process, but if the process is similar to Quality Jobs, DOR would require additional staff.

Officials from the **Department of Economic Development - Division of Workforce Development (DED)** state their agency would administer this program which would require the hiring of a Workforce Development Specialist IV.

Oversight assumes it is unknown how many business may participate in this program. If a significant workload increase is created by this program, DOR and DED may request additional personal services through the appropriations process.

Officials from **Linn State Technical College, Northwest Missouri State University, Kansas City Metropolitan Community College, Missouri State University, and Missouri Southern State University** assume this program would have an unknown fiscal impact on their respective institutions.

Officials from the **Department of Higher Education, Office of State Treasurer, Department of Revenue - State Tax Commission, Department of Labor and Industrial Relations, University of Missouri System, and University of Central Missouri** each assume the proposal would not fiscally impact their respective agencies and institutions.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Revenue Reduction</u> - Department of Revenue - Employee withholding taxes transferred to the Missouri Jobs for Education Fund	(May exceed <u>\$100,000</u>)	(May exceed <u>\$100,000</u>)	(May exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(May exceed <u>\$100,000</u>)	(May exceed <u>\$100,000</u>)	(May exceed <u>\$100,000</u>)
MISSOURI JOBS FOR EDUCATION			
<u>Transfer In</u> - General Revenue	May exceed \$100,000	May exceed \$100,000	May exceed \$100,000
<u>Disbursements</u> - Colleges and Universities	(May exceed <u>\$100,000</u>)	(May exceed <u>\$100,000</u>)	(May exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON MISSOURI JOBS FOR EDUCATION	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
UNIVERSITIES			
<u>Income</u> - Universities - College credit tuition	May exceed <u>\$100,000</u>	May exceed <u>\$100,000</u>	May exceed <u>\$100,000</u>
ESTIMATED NET EFFECT ON UNIVERSITIES	May exceed <u>\$100,000</u>	May exceed <u>\$100,000</u>	May exceed <u>\$100,000</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - Community Colleges - College credit tuition	May exceed <u>\$100,000</u>	May exceed <u>\$100,000</u>	May exceed <u>\$100,000</u>
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	May exceed <u>\$100,000</u>	May exceed <u>\$100,000</u>	May exceed <u>\$100,000</u>

FISCAL IMPACT - Small Business

Small businesses participating in the program could earn credits toward tuition.

FISCAL DESCRIPTION

This bill establishes the Missouri Jobs for Education Program to provide a tuition credit for certain business owners or companies who create new full-time jobs in Missouri that can be used by the business owner or a person of his or her choice toward tuition at any public institution of higher learning in the state. A qualifying business owner or company will receive one credit toward tuition for every qualifying job created. The credit must be used within 10 years of the date it is awarded or it will be deposited into general revenue. The Missouri Jobs for Education Fund is created for the deposit of moneys collected under these provisions.


The Department of Economic Development (DED) must administer the program, create an employer application process, withhold state employee taxes, and deposit the taxes into the fund. DED must track employer contributions and ensure that the credit toward tuition granted does not exceed the amount that has been deposited by the employer.

The provisions of the bill expire four years after the effective date.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Higher Education
Office of Administration
 Division of Budget and Planning
Department of Economic Development
Department of Labor and Industrial Relations
Department of Revenue
 State Tax Commission
Office of State Treasurer
Colleges and Universities
 Linn State Technical College
 Northwest Missouri State University
 University of Missouri System
 Missouri Southern State University
 Missouri State University
 Kansas City Metropolitan Community College
 University of Central Missouri



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